

POLICY ON VOTING OF PROXIES

Employees' Retirement System Elected Officials' Retirement System

CITY OF BALTIMORE

The U.S. Department of Labor has expressed concern over the policies and practices of investment managers having responsibility for the investment of assets of employee benefit plans, and the fiduciaries of such plans who have appointed them, with respect to the voting of corporate securities in their portfolios. In addition, the Department has advised that fiduciaries of employee benefit plans who are responsible for the appointment of investment managers and the evaluation of their performance have an obligation to ensure that their investment managers are fulfilling their fiduciary obligations in this area.

Each of the contracts pursuant to which investment managers for the Employees' and the Elected Officials' Retirement Systems of the City of Baltimore are appointed provide that exclusive authority with respect to the acquisition, divestment and management (including the voting) of securities comprising plan assets are vested in the investment manager to whom such plan assets are assigned. Under these circumstances it is clear, and the Department of Labor has recognized, that it would be legally improper for a fiduciary of a plan sponsor to become involved in the voting of securities or to attempt to influence in any way, directly or indirectly, how securities are voted by the investment manager. For these reasons, the Trustees of the Employees' and the Elected Officials' Retirement System have had a long standing policy that, when solicitations of proxies with respect to securities are received by an investment manager, the decisions as to whether and how to vote such proxies must be made exclusively by that investment manager.

The Trustees also recognize, however, that the investment manager's decisions must be made in accordance with applicable legal standards and that the Trustees have an obligation to ensure that those standards are being observed. Therefore, the Trustees request that annually (June 30) each management firm furnish the System with a written statement of their policy and practices with respect to the voting of securities held in their employee benefit plan asset portfolios, together with their written assurance that such policies and practices are being followed. These statements and assurances will be included, and will be given appropriate weight, in the Trustees' continuing evaluation of each manager's overall investment performance.

Adopted January 12, 1989:
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